

INSTITUTIONAL FRAMEWORK

The implementation of the RIDS program could be facilitated by a number of institutional approaches or frameworks to oversee design, construction, development, funding and operation.

In practice, various types of interlocal agreements have been used to own, operate, and govern regional utility water supply and wastewater treatment projects. These range from the formation of a separate and distinct entity such as a utility authority to arrangements where one party is the prime sponsor with respect to financing and operations and the other regional participants are enjoined through a contractually binding bulk sales agreement or capacity entitlement and cost sharing arrangement.

Typically, where an authority serves the needs of several local governments, there is a governing board made up of members representing the participating governments and a separate administrative and operating staff. In the prime sponsor type of arrangement, there may be a governing board to oversee the operational aspects and ongoing financial considerations of the project or there may be an interlocal agreement that spells out contractually the terms and conditions of service with respect to such things as capacity entitlements and cost sharing.

A review of examples of the successful implementation of regional utility projects with benefits similar to the RIDS show that each of these ownership and operating arrangements have somewhat unique features.

Regional Authority

The Peace River/Manasota Water Supply Authority (PRMWSA) was formed by interlocal agreement in 1982 among five (5) different counties with the original purpose of defining each county's rights to the water supply within its boundaries. Recognizing the benefits of a regional water supply project, the PRMWSA has evolved into a regional wholesale water supplier made up of four different counties. The authority owns and operates water production facilities including supply, treatment, storage and transmission facilities necessary to deliver bulk water supply to the participating counties. The governing board of the authority is composed of one director from each of the four participating counties. The authority issues debt to fund capital projects and the pledge to pay off the debt is based upon revenues from long-term water supply contracts between the authority and each of the participating counties. The water supply contracts allocate the water production capacity to each participant along with the obligation to pay an allocated share of the project's debt service. Operating costs are apportioned based on actual deliveries to each county.

Prime Sponsor

A different type of regional arrangement is represented by the East Central Regional Entities Board (ECREB) which oversees the operation of a regional wastewater treatment plant that provides bulk wastewater treatment and disposal services to the cities of West Palm Beach, Lake Worth, Riviera Beach, the Town of Palm Beach and portions of unincorporated Palm Beach County. Based on a 30-year Interlocal Agreement established among the project participants in 1992, the City of West Palm Beach is the prime sponsor of the project and operates and manages the wastewater treatment facility on behalf of the participants. Under this arrangement, the City of West Palm Beach incurs the debt to finance the project, retains legal title to the facilities and any future improvements or

expansions, provides bulk wastewater treatment services to the participants, and is reimbursed by the participants for the costs incurred to operate and manage the facilities. Thus, while the prime sponsor is the legal owner of the assets, all aspects of the operation and management of the wastewater treatment facilities are overseen by the ECREB, which includes a representative from each participating entity. Their responsibilities include operations, operating and capital budget approval, and construction of new facilities.

O&M by Prime Sponsor/Shared Ownership

Another version of the prime sponsor approach was used by a group of several communities in Bay County, Florida to develop a regional wastewater treatment plant. The participants included the County and the cities of Callaway, Springfield and Parker, and the Town of Cedar Grove. In this approach, a prime sponsor has been designated to operate and manage the project. However, the assets are owned by all of the participants and the participants have the right to choose a new operator after the first five years of operation. The operator is charged with the responsibility to hold, invest and spend monies on behalf of the project owner/participants, to formulate and execute management policies and practices, to operate, maintain and expand the wastewater treatment system, maintain and hold all wastewater treatment permits, maintain financial records and set the budget and rates for service. There is no governing board that oversees the project. All terms and conditions of service and the rights of the owners are set forth contractually.

Interlocal Agreements

In some instances the interlocal agreements and institutional arrangements are tailored to suit the specific situation and the strengths and needs of the participants. In one regional water supply arrangement, the Destin Water Users, Inc. (DWU), the South Walton Utility Company (SWUC) and the Regional Utilities of Walton County (RUWC), all member-owned and operated utility systems, have jointly developed a regional water supply project. All three utilities relied on pumping from coastal wellfields that are scheduled for future production cutbacks and thus needed additional water supply. Two of the parties, DWU and SWUC were able to acquire and permit a wellfield remotely located with respect to their utility systems but near a major transmission supply line owned by the third party, RUWC. In the arrangement that was negotiated among the parties, SWUC developed and owns the wellfield supply, treatment and storage facilities. The water is then delivered to interconnections for use by all three utility systems by the RUWC transmission line, which receives compensation in the form of a wholesale charge. DWU purchases water from SWUC through a long-term water supply contract that includes their share of the cost of supply, treatment, storage and transmission costs based on the cost of water production facilities owned by SWUC and water transmission facilities owned by RUWC. The purchase prices are adjusted for cost offsets for its share of the land acquisition and permitting costs that were initially jointly funded by DWU and SWUC. RUWC purchased some of the land from the other parties and owns one well on the property and shares in the cost of water treatment, storage and pumping facilities and operations with the other two parties in addition to receiving the revenue from the transmission wheeling charges. In this rather complex arrangement one can see how interlocal or supply agreements can be tailored in unique ways to satisfy the needs of the regional participants.

A separate regional entity would provide advantages by improving the ability to approach supply issues and cost considerations as a whole with less individual project constraints. The regional approach could facilitate a more fluid movement of irrigation water resources throughout the region from areas with surplus supplies to those areas with insufficient supplies. It also could allow

consistent pricing throughout the region. However, a regional approach eliminates the opportunity for each individual participant to make its own decisions as to how to best provide and utilize irrigation quality water resources on behalf of its community. Also, the cost of establishing an additional layer of government including the cost of additional utility administrative and operating personnel and the cost of governance would be a disadvantage. It is likely that much of what can be accomplished in the region to establish an irrigation quality water distribution system could be done less costly if the projects are developed among the individual participants or through some type of subregional arrangement that relies on the existing personnel and resources of the individual systems that participate.

The advantages of the project-by-project or subregional approach is that individual arrangements can be developed that are flexible in dealing with ownership and operating issues in a way that satisfies all of the jurisdictions involved. This type of institutional approach may ensure more active and better participation among the involved parties. Also, it is anticipated that the project cost would be lower because there would be very little redundant administrative and operating costs. The utility representatives that are participating in developing the Master Plan strongly favor a project-by-project or subregional approach to the development of irrigation water resources.